

Message Text

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43

ACTION EUR-25

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FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC PRIORITY 3847

INFO AMEMBASSY BRUSSELS

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LIMITED OFFICIAL USE LUXEMBOURG 0223

E.O. 11652: N/A

TAGS: ELAB, LU

SUBJECT: COGESTION LEGISLATION PASSES CHAMBER OF DEPUTIES

REF: LUXEMBOURG A-13, APRIL 23, 1973

1. ON APRIL 5 LUXEMBOURG CHAMBER OF DEPUTIES PASSED BY A VOTE OF 31 (PCS, PD) TO 6 (PCL) WITH 18 ABSTENTIONS (POSL, PSD) THE COUNTRY'S FIRST CO-MANAGEMENT (COGESTION) LAW. THE LAW PROVIDES FOR EMPLOYEE REPRESENTATION OF ONE-THIRD OF THE MEMBERSHIP IN THE BOARDS OF DIRECTORS OF COMPANIES EMPLOYING OVER 1,000 PERSONS. THIS PROVISIO IS LIKELY TO AFFECT THREE OR FOUR AMERICAN COMPANIES OPERATING IN LUXEMBOURG. THE LAW ALSO STIPULATES THAT MIXED PLAN COMMITTEES MUST BE ESTABLISHED IN ALL COMPANIES EMPLOYING MORE THAN 150 PERSONS.

2. COMMENT. THIS MEASURE HAS BEEN ANTICIPATED FOR SEVERAL MONTHS AND THE GOL CONSULTED CLOSELY WITH THE INTERESTED AMERICAN COMPANIES WHILE THE LAW WAS BEING PREPARED. THE EMBASSY HAS ALSO BEEN DISCUSSING THE LAW'S EFFECTS ON THE LABOR CLIMATE, PROFITABILITY AND INVESTMENT PLANS OF AMERICAN FIRMS WITH THE GOL AND
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AMERICAN COMPANIES. WE HAVE THE IMPRESSION THAT THE

COGESTION MEASURE AS PASSED WILL NOT HINDER THE PERFORMANCE OF AMERICAN FIRMS IN LUXEMBOURG, ALTHOUGH AMERICAN INDUSTRIALISTS WILL WATCH CAREFULLY TO SEE WHETHER THE NEW GOL FORMED AFTER THE MAY 1974 LEGISLATION ELECTIONS MOVES TO EXPAND THE COVERAGE OF THE LAW AND IF THE LUXEMBOURG COURTS APPLY THE LAW IN WHAT THE AMERICAN INDUSTRIALISTS CONSIDER AN EQUITABLE WAY. AMERICAN FIRMS ALSO TELL US THAT THEY WILL COMPLY WITH LAW CONSCIENTIOUSLY.

3. TEXT OF COGESTION LAW AND ANALYSIS WILL BE FORWARDED BY AIRGRAM. TARNOFF

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